Teachers' Retirement System Plan 2

Member's Benefit Estimate Worksheet

This worksheet should answer some of the questions you may have regarding how your TRS Plan 2 retirement benefit is calculated. To assist you in completing the worksheet, we have included an exampe of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are only estimated benefits based on projected salary and service credit. The information you obtain using the Estimate Worksheet is intended as a retirement planning tool, your actual retirement benefit may be different as it will be based on final employer reporting.

You can retire from TRS Plan 2 when you meet one of the following criteria:

- Age 65 with at least five service credit years
- At least age 55 with a minimum of 20 service credit years (Benefit will be actuarially reduced.)

How service credit is counted

You earn		When you
1 month of service credit	☞	receive pay for at least 90 hours in a month (includes paid sick leave and vacation).
.50 month of service credit	☞	receive pay for at least 70 but less than 90 hours in a month
.25 month of service credit	☞	receive pay for at least 1 but less than 70 hours in a month..

If you work at least 9 months during a school year (September 1 - August 31)

12 months of service credit	☞	when you earn service credit in the month of September andyou are compensated for time in at least 9 months and receive compensation for at least 810 hours during the school year.
6 months of service credit	☞	when you are compensated for time in at least 9 months and receive compensation for at least 630 hours but less than 810 hours during the school year.

Note: If you are actively employed during the year you choose to retire, you must retire effective September 1, with a separation date of August 31, in order to receive a full year of service credit for the year.

	You	John Doe
Step 1: Determine your anticipated date of full retirement (age 65). 1. I will retire _____ years from now:		9 years
Step 2: Determine your total service credit years at the time you retire.		
2a. My current balance of service credit years:		22
2b. The number of years until my retirement date:		9
2c. My projected service credit at retirement:		22 + 9 = 31

TRS Plan 2 Benefit Estimate

	You	John Doe
Step 3: Estimate your Average Final Compensation. The average monthly salary from my 60 consecutive highest paid service credit months is my Average Final Compensation or AFC.* *Severence pay, such as lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (step 2b), your actual salary and AFC may differ from its current level. You may wish to estimate what your salary will be then figure an AFC based on those figures.		$3334
Step 4: Compute your Standard benefit. Also known as Option 1, the standard benefit provides the highest monthly benefit and stops when the retiree dies. The Formula for the Standard Benefit: 2% x service credit years x AFC = monthly benefit 4a. My projected service credit years (2c) times 2%=		31 x .02 = .62
4b. My AFC (3) times 4a = standard benefit.		$3,334 x .62 = $2,067 per month
Step 5: Determine your benefit if you choose a Survivor Payment Option. There are three Survivor options available. Under each of the options, the retiree receives an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. Use Table 1 on Page 3 to find your reduction factor, then calculate your benefit. 5a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John Doe is one year older than his beneficiary.)		65-64 = 1 year
5b. Use the reduction factor form Table 1 to determine the Option 2 benefit. (4c x reduction factor = reduced benefit) Option 2 provides a survivor benefit that will be 100% of the retiree benefit.		Option 2 $2,067 x .801 = $1,655.67 per month
5c. Use the reduction factor form Table 1 to determine the Option 3 benefit. (4c x reduction factor = reduced benefit) Option 2 provides a survivor benefit that will be 50% of the retiree benefit		Option 3 $2,067 x .889 = $1,837.56 per month
5d. Use the reduction factor form Table 1 to determine the Option 4 benefit. (4c x reduction factor = reduced benefit) Option 4 provides a survivor benefit that will be 66.67% of the retiree benefit		Option 4 $2,067 x .858 = $1,773.49 per month

NOTE: If you choose a Survivor Payment Option, but your beneficiary dies before you, the benefit amount is increased to a single life time benefit level (Standard Option).

TRS Plan 2 Benefit Estimate

Step 6: Calculating a reduction for early retirement.	You	John Doe
6a. Calculate your benefit the same as you would for a standard option benefit. (See Step 4.) For purposes of this example, let's say John retires at 61.		31 x .02 = .62 .62 x $3,334 = $2,067
6b. Multiply the monthly benefit by the corresponding reduction factor from table 2.		$2,067 x .67 = $1,384.89 per month

Table 1: Survivor Benefit Options

	Age Difference	Option 2 100%	Option 3 50%	Option 4 66.67%
Member Younger	-15	0.934	0.966	0.955
	-14	0.929	0.963	0.952
	-13	0.925	0.961	0.949
	-12	0.921	0.959	0.946
	-11	0.916	0.956	0.942
	-10	0.911	0.953	0.939
	-9	0.906	0.951	0.935
	-8	0.900	0.948	0.931
	-7	0.895	0.945	0.927
	-6	0.889	0.941	0.923
	-5	0.884	0.938	0.919
	-4	0.877	0.934	0.914
	-3	0.865	0.928	0.906
	-2	0.855	0.922	0.899
	-1	0.839	0.912	0.887
	0	0.815	0.898	0.869
Member Older	1	0.801	0.889	0.858
	2	0.790	0.883	0.849
	3	0.781	0.877	0.842
	4	0.772	0.871	0.835
	5	0.765	0.867	0.830
	6	0.758	0.862	0.824
	7	0.751	0.858	0.819
	8	0.744	0.853	0.813
	9	0.737	0.849	0.808
	10	0.730	0.844	0.802
	11	0.724	0.840	0.797
	12	0.717	0.835	0.792
	13	0.711	0.831	0.787
	14	0.705	0.827	0.782
	15	0.699	0.823	0.777
	16	0.694	0.819	0.773
	17	0.688	0.815	0.768
	18	0.683	0.812	0.764
	19	0.678	0.808	0.760
	20	0.673	0.805	0.755

Table 2 Early Retirement Factors

Your age at retirement	Benefit as percentage of age 65 benefit	
	If you have 20 but but less than 30 years of service credit	If you have 30 or more years of service credit
55 years	37%	70%
56	40%	73%
57	43%	76%
58	49%	79%
59	55%	82%
60	61%	85%
61	67%	88%
62	73%	91%
63	82%	94%
64	91%	97%
65	100%	100%